

FISCAL NOTE

SB 1391 - HB 1433

March 21, 2007

SUMMARY OF BILL: Authorizes Davidson County to enact an ordinance imposing an additional 1% increase in the hotel/motel tax. Changes the allocation of the existing hotel/motel tax in Davidson County and makes provisions for the allocation of certain tax revenue in a secondary tourist development zone within the county if such zone is created.

ESTIMATED FISCAL IMPACT:

Increase Local Govt. Revenues - \$4,000,000/Permissive
Increase Local Govt. Expenditures – Not Significant/Permissive

Forgone State Revenue – Exceeds \$5,000,000

Assumptions:

- Davidson County hotel/motel tax collections are approximately \$20,000,000 annually.
- Currently, a 5% hotel/motel tax in Davison County.
- The provisions of the bill apply only to Davidson County.
- An increase in local government expenditures due to the administrative cost of implementing the provisions of the bill. Such increase is estimated to be not significant.
- No fiscal impact to the county for the authorizing actions required by the Metropolitan Council.
- There will be a shift in the allocation of local government revenues based on the provisions of the bill. However, there is conflicting language in the bill concerning the apportionment of certain revenues and whether or not such apportionment applies to the entire hotel/motel tax within Davidson County or only to certain portions of such tax.

- There is estimated to be foregone state revenue in excess of \$5,000,000 due to the allocation by section 13 of the bill of sales and use taxes derived from sales within a secondary tourist development zone (if such zone is created) that would be earmarked to the municipal general fund.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White". The signature is fluid and cursive, with the first name "James" written in a more compact, stylized script, followed by "W." and "White" in a more legible but still cursive hand.

James W. White, Executive Director